



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101

August 7, 2003

FACSIMILE
(213) 626-1812

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

RECOMMENDATION TO AWARD AGREEMENT FOR
REAL PROPERTY AUCTIONEERING SERVICES
TO KENNEDY-WILSON INTERNATIONAL
(3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Chair to sign the Agreement with Kennedy-Wilson International for real property auctioneering services related to administration of Public Administrator decedent and Public Guardian conservatee estates (Probate Estates) on a contingency fee basis of 4% commission and calling services for tax defaulted property auctions at no cost to the County, for a term of one year commencing upon the date of Board approval with provisions for four one-year renewal periods at the option of the Treasurer and Tax Collector (TTC).

PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION

Probate Code authorizes estate representatives to sell real property of decedent or conservatee estates under administration, when necessary for the best interest of the estates. As the Public Administrator for Los Angeles County, TTC has contracted with private real estate auction firms since the 1980's to sell real property on behalf of Probate Estates. Probate Estate property auction services include extensive marketing, advertising, sales preparation, auction, and staff support during the court confirmation process, and follow-through to close of escrow (Auctioneering Services).

Additionally, TTC is responsible for the sale of tax defaulted property, i.e., properties where there are unpaid taxes for 5 or more years. Tax defaulted property sales are held by TTC semi-annually via public auction. Routinely, TTC ensures that due process and

laws governing the sale of tax defaulted property are met, including notification of the property owner and legal notice publication. In addition, TTC has employed an auctioneer to conduct the public sale of real property to the highest bidder (Calling Services) for tax defaulted property at a fixed flat dollar rate per day.

The current Agreement, which is due to expire on August 29, 2003, provides real estate auctioneering services for Probate Estates on a contingency fee basis of 4.25%. The proposed Agreement provides an enhanced level of services for Probate Estate auctions including supplemental advertising to reach a more diverse segment of the potential buyers' market, property sales confirmation advertising, and access to property information 24 hours a day 7 days a week via toll free "800" number, website and Multiple Listing Services. In addition, the proposed Agreement provides for Calling Services for tax defaulted property at no cost to the County. These services were previously provided at a fixed flat rate of \$1,500 per day.

Implementation of Strategic Plan Goals

The approval of this Agreement is consistent with the County's Strategic Plan Goal of Organizational Effectiveness. The Agreement provides for ongoing contractual real property auctioneering services which supports mandated services provided by the TTC Public Administrator and Secured Property Tax divisions.

FISCAL IMPACT/FINANCING

There is no net County cost. The 4% commission is paid to the auctioneer at the close of escrow from the Probate real estate sale proceeds. The auctioneering firm absorbs all costs associated with Auctioneering Services for Probate Estates. In addition, auction Calling Services for tax defaulted property will be provided at no cost to the County. The County will continue to ensure that due process and laws governing the sale of tax defaulted property are met.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The attached Agreement with Kennedy-Wilson International has been approved as to form by County Counsel. The Agreement contains the required contract provisions pertaining to compliance with the County's Child Support Compliance Program, Consideration of GAIN/GROW Participants For Employment, Consideration of County Employees Targeted for Layoff/Re-employment List, Jury Service Program, Safely Surrendered Baby Law, and Contractor Notification to County When It Is Within 6 Months From Expiration of Term. Additionally, the Agreement contains performance standards, including monetary assurance provisions for non-performance.

There is no impact to County employees as these services are currently provided under contract on an as-needed, intermittent basis. The Agreement includes a 4% commission payable to the Contractor from Probate Estate auction proceeds and no cost to the County for tax defaulted property Calling Services. Therefore, the provision for notification by Contractor when expenditures reach 75% of the Agreement Sum are not applicable and has been excluded from the Agreement. In addition, this is not a Prop A Agreement, therefore it is not subject to prevailing wage conditions. However, Kennedy-Wilson International provides a subsidized health insurance program made available to all full-time employees.

CONTRACTING PROCESS

In accordance with the County's competitive bid process, a Request For Proposals (RFP) was prepared and released to the forty-five (45) prospective vendors listed in Attachment 1. The RFP was also posted on the Los Angeles County Bid Website. The RFP solicited proposals from qualified vendors for the provision of Auctioneering Services for Probate Estates and Calling Services for tax defaulted real property. Proposals were received from five (5) vendors in response to the RFP: A Auctioneer Broker Company (AABC), Kennedy-Wilson International (KWI), Nationwide Auction Systems (NAS), The Piatelli Company (TPC), and Tranzon Assest Strategies (TAS). Proposals received from AABC and NAS were non-responsive to the minimum RFP requirements and were disqualified. Minority and women owner/employee statistics for the three responsive vendors are shown in Attachment 2.

The proposal submitted by Kennedy-Wilson International ranked highest, proposing a 4% commission rate on Probate Estate Auctioneering Services and no cost (i.e., zero fixed daily rate) to the County for tax defaulted property auction Calling Services. TAS submitted a proposal with a 4% commission rate and a \$1,000 fixed daily rate for auction Calling Services and TPC proposed a 3.5% commission rate and a \$1,500 fixed daily rate for auction Calling Services. In addition, the proposals submitted by TAS and TPC did not demonstrate that the vendors had the necessary experience to handle the type and volume of properties routinely sold via auction by TTC.

The proposal submitted by KWI proposed a higher level of service, including a detailed, comprehensive marketing and advertising plan, designed to maximize property exposure to the public. In addition, KWI's proposal clearly demonstrated the firm's experience and ability to: appropriately service the type and volume of TTC properties as they become available for auction; provide ongoing staff education and training to ensure a high standard of conduct of its' employees; and provide auction information to the public 24 hours a day/seven days a week via KWI's toll free "800" telephone number, Website, and

The Honorable Board of Supervisors
August 7, 2003
Page 4

The Child Support Services Department confirms that Kennedy-Wilson International is in compliance with the Child Support Compliance Program. Kennedy-Wilson International is also registered on the County's WebVen.

IMPACT ON CURRENT SERVICES

The recommended contractor currently provides the required real property auctioneering services so there will be no disruption in services.

CONCLUSION

Instruct the Executive Officer/Clerk of the Board to return two (2) signed original Agreements and one (1) adopted Board letter to the Treasurer and Tax Collector.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", with a stylized flourish at the end.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:MH:dhh

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

Attachment 1
Page 1 of 2

James Burks, Jr.
304 South Central Avenue
Compton, CA 90220

Eric Montgomery
246 Sepulveda
San Pedro, CA 90731

A.N. Abell Auctioneers
Robert Abell
2613 Yates Avenue
Commerce, CA 90040

A-Auctioneer Broker Co.
Junius Johnson
124 N. Market Street
Inglewood, CA 90301

Accelerated Marketing Group
Todd Good
2102 Business Center Drive
Irvine, CA 92612

Allstate – Interstate Auctions
Alex Civca
9750 Telfair Ave.
Arleta, CA 91331

American Standard Auctioneers
David Handelman
22647 Ventura Blvd., Suite 235
Woodland Hills, CA 91364

Auction-CA
Leo Tamir
4850 Louise Ave.
Encino, CA 91316

Baldwin Hills Realty, Inc.
Frank Jones
2609 28th Street
Santa Monica, CA 90405

Bendis Companies, Inc.
Jan Bendis
3410 La Sierra Ave., Suite F-123
Riverside, CA 92503

Century Financial, Ltd.
Martin Mayerfeld
867 W. Glentana Street
Covina, CA 91722

Coulter and Associates
Charles Coulter
471 W. Lambert Road, #113
Brea, CA 92821

Coulter and Associates
Becky Romero
451 W. Lambert Road, Suite 216
Brea, CA 92821

Fairway Real Estate
Theora Granville
3659 Fairway Blvd.
Los Angeles, CA 90043

Farash Real Estate Consulting
Barbara Farash
8577 Rugby Dr., Suite 103
West Hollywood, CA 90069

Fields Auction and Commercial Real
Estate Services
Rich Fields
23552 Saint Elena
Mission Viejo, CA 92691

Flans and Weiner, Inc.
Larry Weiner
16200 Ventura Blvd., Suite 417
Encino, CA 91436

Global Investment Enterprises
Gregory Winslow
4311 Wilshire Blvd., Suite 312
Los Angeles, CA 90010

Great American Auctioneers
Jeffrey Tannenbaum
3847 Grand View Blvd.
Los Angeles, CA 90066

Homeowners Realty Inc.
Verdel Hubbard
4401 Crenshaw Blvd., Suite 215
Los Angeles, CA 90043

Joe Tadlock Auctioneer
Joe Tadlock
13418 Leffingwell Road
Whittier, CA 90605

John S. Manocchia Auctioneer &
Realtor
John Manocchia
1741 N. Rose Street
Burbank, CA 91505

Joran Grinker and Associates
Jordan Grinker
10590 Dunleer Drive
Los Angeles, CA 90064

Kennedy-Wilson International
Richard "Rhett" Winchell
9601 Wilshire Blvd., Suite 200
Beverly Hills, CA 90210

Attachment 1
Page 2 of 2

Leonard M. Rood Company
Leonard Rood
3832 Moundview
Studio City, CA 91604

Major Properties
Brad Luster
1200 W. Olympic Blvd.
Los Angeles, CA 90015

Max Rouse & Sons,
Auctioneers
Max Rouse
361 S. Robertson Blvd.
Beverly Hills, CA 90211

Nationwide Auction Systems
David Nelson
13005 Temple Avenue
Industry, CA 91746

Ocean Star
Peter Lee
145 N. Atlantic Blvd., Suite 201
Monterey Park, CA 91765

Orrill's Auctions
1910 W. Adams Blvd.
Los Angeles, CA 90018

Pacific Coast Realty & Auction
Edmond Bisson
3810 Pacific Coast Hwy.
Torrance, CA

Pacific Credit
Bob Andrade
P.O. Box 488
Buena Park, CA 90621

Real Estate Disposition
Corporation
Robert Friedman
9 Goodyear
Irvine, CA 92618

Remarketing Associates, Inc.
Jefferey Tanenbaum
28118 Agoura Road, #102
Agoura Hills, CA 91301

Rich Wasser, Auctioneers
Rich Wasser
7965 E. Ring St.
Long Beach, CA 90803

Robert Rouse & Associates
Robert Rouse
1117 S. Robertson Blvd.
Los Angeles, CA 90035

Schol Auction Service
Robert Schol
18012 Hiawatha #164
Northridge, CA 91326

Sperry Van Ness, Inc.
Aaron Betancourt
18881 Von Karmann #800
Irvine, CA 92612

Sperry Van Ness, Inc.
Patti Zeis
18881 Von Karmann
Irvine, CA 92612

Super Auctions
Robert Storment
PO Box 6922
Huntington Beach, CA 92615

The Liquidation Company, Inc.
Brian Myers
19528 Ventura Blvd., #376
Tarzana, CA 91356

The Piatelli Co., Inc.
Mario Piatelli
9300 Wilshire Blvd., Suite 520
Beverly Hills, CA 90212

Thomas Maxim & Associates
Thomas Maxim
4433 W. Sepulveda Blvd.
Tarzana, CA 90505

U.S. Enterprises
Walter Johnson
PO Box 1337
Rancho Cucamonga, CA 91701

Walters and Associates
Michael Walters
14731 Franklin Ave., Suite J
Tustin, CA 92780

**FIRM/ORGANIZATION INFORMATION AS PROVIDED BY PROPOSERS
REAL PROPERTY AUCTIONEERING SERVICES**

The following information was gathered for statistical purposes only. On final analysis and consideration of award, vendor was selected without regard to gender, race, creed or color.

FIRM INFORMATION	Kennedy-Wilson International*		The Piatelli Company		Tranzon Asset Strategies	
	No.	% of Ownership	No.	% of Ownership	No.	% of Ownership
CULTURAL/ETHNIC COMPOSITION						
OWNERS/PARTNERS:						
Black/African American	n/a	n/a	2	0%		
Hispanic/Latin American	n/a	n/a				
Asian American	n/a	n/a				
American Indian/Alaskan	n/a	n/a				
All others	n/a	n/a	4	100%	2	100%
Women (included above)	n/a	n/a	0	0%	0	0
MANAGERS:						
Black/African American		0				
Hispanic/Latin American		0			1	
Asian American		0				
American Indian/Alaskan		0				
All others		80			1	
Women (included above)		15			2	
STAFF:						
Black/African American		50				
Hispanic/Latin American		30			1	
Asian American		15				
American Indian/Alaskan		0				
All others		355			1	
Women (included above)		200			1	
TOTAL # OF EMPLOYEES		530		6		6
BUSINESS STRUCTURE		Publicly Traded Corporation		Corporation		Partnership
Certified as Minority, Woman, Disadvantaged or Disabled Veteran Business Enterprise?		No		Yes		No

*Kennedy-Wilson International is a publicly traded corporation; specific ownership demographic information is not available.